The AAA CORN PLAN

WHY THE CORN PLAN?

To improve and stabilize incomes of corn and livestock producers

The Plan Aims At

Livestock Stabilization
through
Corn Stabilization

Steps Farmers Can Take

1. Acreage Adjustment
2. Corn Storage Loans
3. Marketing and Storage Quotas in Emergency

38-Corn-3

August 1938

Commodity Information Series

U. S. Department of Agriculture Agricultural Adjustment Administration

Why the Corn Plan?

Corn and livestock producers have long been subject to drastic ups and downs in income. The principal reason has been: *Sharp increases and decreases in production of corn.*

CORN PRODUCTION IN 5 YEARS, 1933–37, ROSE OR FELL ABOUT ONE BILLION BUSHELS FROM EACH YEAR TO THE NEXT.

Ninety percent of corn is fed to livestock on farms. Corn surpluses and low corn prices increase livestock production.

> Result: Surplus of livestock at low prices and ruinous losses to corn and livestock producers.

SHORT CORN CROPS WITH SMALL RESERVES BRING HIGH FEED PRICES, THEN HIGH MEAT PRICES.

> Result: Consumer hardship and resentment.

Example: Between 1932 and 1937 the corn price went from 10 cents to more than $1 a bushel. The price of hogs went from $3 to $13 a hundred. Low corn and hog prices ruined farmers; too-high meat prices caused consumers to cut down on meat.

Can't we stabilize supplies and prices?

Livestock Stabilization Through Corn Stabilization

The Agricultural Adjustment Act of 1938 does not provide for direct control or adjustment of livestock production. Instead, it gives farmers the opportunity to work together to smooth out the supplies and prices of corn.

In past years, corn surpluses have been used up in producing unneeded pork. The Farm Act affords farmers a way to hold their corn surpluses in reserve as an Ever Normal Granary against short crop years.

Through the corn plan farmers can influence the supplies and prices of hogs, of other livestock, and of livestock products.

Through the corn plan farmers can level the peaks of surplus into the valleys of scarcity.

The First Step—

Acreage Adjustment

Producers may achieve corn acreage adjustment by staying within their corn acreage allotments.

Standards for determining the size of acreage allotments are fixed in the Farm Act of 1938.

Producers staying within their allotments are eligible to receive payment for cooperation. Producers unable to participate fully may earn part payment.

FARMER ACCEPTANCE OF ACREAGE ALLOTMENTS IS VOLUNTARY. THERE IS NO PENALTY FOR OVER-PLANTING.

Soil Conservation is encouraged on acreage diverted from corn.

FULL BENEFIT PAYMENTS ARE POSSIBLE ONLY IF COOPERATING FARMERS FOLLOW SOIL-CONSERVING PRACTICES NECESSARY TO REACH THEIR SOIL-BUILDING GOAL.

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The Second Step—

Corn Storage Loans

Loans on corn sealed in cribs on farms provide the second step toward corn stabilization.

THE PURPOSE OF LOANS IS TO PUT A BOTTOM UNDER THE CORN PRICE AND HELP HOLD EXCESS CORN ON FARMS TILL NEEDED.

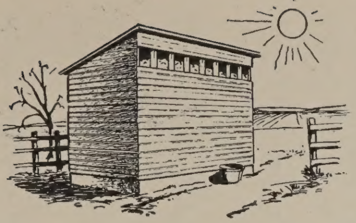
Loans are open to cooperating farmers *if* the crop is in excess of a normal year's consumption and exports, *or if* the farm price of corn falls below 75 percent of parity.

If marketing and storage quotas are in effect, loans on stored corn are open to cooperating farmers at the full rate; to noncooperators at only partial (60 percent) rate on the amount they are required to store.

IF MARKETING QUOTAS ARE REJECTED IN THE PRODUCER REFERENDUM, THE ACT FORBIDS LOANS TO EITHER COOPERATORS OR NONCOOPERATORS.

Sealed corn would become the Nation's Ever Normal Granary for corn.

Big supplies of surplus years would thus be held to protect farmers and consumers in years of crop failure.



The Third Step—for Emergencies Only—

Marketing and Storage Quotas

The Farm Act makes possible marketing quotas to protect farmers from *price collapse* if the Ever Normal Granary runs over. The Act sets the marketing quota level at 10 percent above normal consumption, exports, and carryover.

Even if the Granary runs over, quotas are possible only if approved by two-thirds of the commercial corn area producers who vote in a referendum. If the vote is against quotas, the Act forbids corn loans.

Quotas would apply to every producer in the area, except farmers producing only a small quantity of corn, and farmers getting small crops.

The penalty for marketing more than the quota would be 15 cents a bushel on each bushel of storage quota missing from the farmer's crib.

The AAA Corn Plan aims to prevent the need for quotas in most years through adjusted acreage. Farmer cooperation is vital to protect corn and livestock prices. The adjusted acreage and big exports make quotas unnecessary this year.

U. S. GOVERNMENT PRINTING OFFICE 8—12202